

Impact of Islamic Banking Finance on Development of Real Investment

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Abstract

The main aim of this study is to investigate the extent of Islamic finance contribution in real investment promoting by focusing on the size of Islamic finance instruments such as Almodaraba, profitability, and participation and their impact on the development of real investment. The results show a strong positive relationship between Islamic finance contribution and the increase in real investment size. The profitability and participation have a strong positive effect on the increasing real investment size, but Almodaraba have a negative impact with the increasing real investment size. The study recommended increasing interest by Islamic banks in expanding the real investment base in order of its impact on the national economy, and the necessity of Islamic banks to diversify Islamic financing formulas.

Keywords: Islamic finance, Real investment, Al-Modaraba, Almurabaha, Almosharakah.

Introduction

Due to our Islamic religion, the existence of Islamic banks has become significant in our Arab society, as it has gained widespread acceptance and immense popularity. The emergence of these deposits as a result of the existence of Islamic banks in our Arab-Muslim society has led to a significant increase in investment, resulting in a significant economic recovery. This is exemplified by the Islamic Jordan Bank, which reached funding and investment of approximately 1.550 billion dinars at the end of 2018 compared to 1.463 billion dinars at the end of 2017, representing a growth rate of 6% and confirming the continuation of the bank's activities in diverse financing and investment activities. The total assets at the end of 2018 were approximately 2,898 billion dinars, up from 2,604 billion dinars at the end of 2017. This represents an increase of approximately 294 million dinars, or 11.3%. The increase in credit facilities is primarily attributable to the increase in facilities provided to the services and public facilities sectors, with an amount

of 1.036 million dinars (91.3%), and the increase in facilities classified as "others," which in most cases represent facilities provided to individuals for consumer purposes, with an amount of 418.9 million dinars (12.3%), compared to their levels at the end of 2018 (Jordan Central Bank, Annua). This is a result of the bank's improved financial performance and the expansion of its activities.

Significance of the Study

The importance of this research emerges from its attempt to identify this vital topic; there are few studies that have dealt with this important topic in a way that positively affects the national economy and Islamic banks.

Research problem

The research attempts to answer the following questions:

1. Is there an effect of the volume of financing by Islamic banks on the volume of real investment in Jordan?
2. Is there an effect of the volume of Mudaraba in financing Islamic banks on the volume of real investment in Jordan?
3. Is there an effect of the volume of murabaha in financing Islamic banks on the volume of real investment in Jordan?
4. Is there an effect of the volume of Musharaka in the financing of Islamic banks on the volume of real investment in Jordan?

Research Objectives

The goal of this study is to figure out how Islamic banks (Mudaraba, Murabaha, and Musharaka) have contributed to increasing real investments in Jordan.

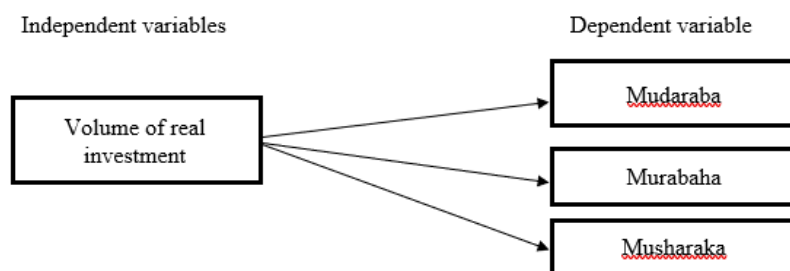
Research Hypothesis

1. There is a statistically significant effect between the contribution of financing Islamic banks and the increase in the volume of real investment.
- 2 -There is a statistically significant effect between Mudaraba in Islamic banks and the
Increase in the volume of real investment.
- 3: There is a statistically significant effect between Murabaha in Islamic banks and the increase in the volume of real investment.
- 4- There is a statistically significant effect between Musharaka in Islamic banks and the increase in the volume of real investment.

Research Methodology

The research uses a descriptive-analytical approach in addressing the research topic, where hypotheses will be tested through the use of statistical methods used in this field.

Research model



Theoretical framework

Investment financing in Islamic banks:

Financial tools and forms used in Islamic banking are an important part of its work and have a great ability to attract deposits for investment purposes in a way that surpasses that of traditional banks. In a study by Oqab (2022), the results showed that Islamic finance has a positive role in economic growth in the long term, as Mohammad (2020) emphasized the existence of a positive relationship between GDP and Islamic banking financing. Islamic banks have been successful in attracting available deposits from small and medium-sized investors and directing them to productive employment. Islamic finance takes on several forms, such as project financing through Mudaraba and Musharaka and other forms.

A study by Zaghlami (2021) showed how vital Mudaraba and Musharaka are. It showed that Sudanese banking financing is growing at an increasing rate each year and has a positive effect on the size of real investment, especially in financing through Mudaraba and Musharaka. Returns in this context are fundamentally correlated with both the success of the funded project and the financing obtained through sales. There are two ways to finance assets in kind: by buying long-term productive assets and renting them out to their users, or by directly taking part in their different projects by keeping shares in them. The purpose of finding these images and dealing with them is to meet the needs of workers, including individuals, producers, and companies of all kinds. It is said that traditional banks choose their clients based on how much money they have and how likely they are to pay back the loans they give them. As for Islamic banks, their

Mudaraba and Musharaka operations depend on how well they are run because the return on profits depends on how much competition there is.

A study by Ubadah (2019) showed the economic importance of Islamic banking financing in Jordan as a measure of its impact on investment, unemployment, inflation, and GDP and proved that there is no indication of the impact of financing in Islamic banks on inflation, GDP, or unemployment. The study recommended that Islamic banks should provide financing to various financial sectors, and thus Islamic financing has a significant role in achieving economic growth (Islamic Economic Journal, published by Dubai Islamic Bank, 2006, issue no. 17).

Competitive qualifications for Islamic banks

Islamic banks are keen to have a philosophy that is distinct from what is present in traditional banks in order to succeed, and they use means of attracting and employing money that are based on Musharaka rather than borrowing. In a study (Aliyev, 2017) that was conducted in Azerbaijan to identify the reality of Islamic finance and the problems it faces. The study found that opportunities are available for Islamic finance to develop with the intensification of efforts by several parties, with the recommendation to pay attention to murabaha and ijara because they are less risky than other forms, and these methods have proven their seriousness in meeting the needs of customers, and this is what made Islamic banks compete in the banking business worldwide (Makkawi, 2009) (Barakat, 2014). There is no doubt that there are qualifications that make Islamic finance a strong competitor in the banking market, including:

1. The dimensions and goals that Islamic banks believe in and are subject to Sharia regulations, which increase customers' confidence in the bank.
2. A large amount of capital that Muslims own, in light of faith-based and ideological factors, represents a significant incentive for them to deal with Islamic banks.
3. Flexibility of the Islamic approach in the transaction sector. This leads to the ability of

Islamic banks to develop themselves and keep abreast of development. In order for Islamic banks to prove themselves as an alternative to traditional banks or their competitors in the banking business, they relied on principles from which their financing operations were launched, which are represented in (Al-Ajlouni, 2010) (Barakat, 2017): investing money according to Sharia rules and provisions, searching for new projects to invest money in, not hoarding

funds and withholding them from dealing, achieving balance and justice in various fields of investment, in addition to following the best and most guiding methods in evaluating and selecting areas of employment. Iqbal's study (1998) mentioned that there are problems and challenges facing Islamic banking, which reduce its ability to compete.

Types of Islamic finance

1. Short-term financing

This type of financing is used to cover the needs of the working capital cycle, and in the activities of Islamic banks, Murabaha operations are the appropriate activity for short-term financing, as they are characterized by their contribution to increasing the working capital and the speed of the number of trading times per year, so we find that the import Murabaha operations do not exceed three months. The two most important advantages that make Islamic banks deal with this type of financing (Rawi, Barakat, and Al-Ramahi, 2002) are the ease of repayment from the financier, as it can be repaid in the short term, and the influential ability to quickly address situations that affect the ability of the project.

2: Medium-term financing

Banks use this type of financing for projects that need thousands of machines or more, as the period for this type of financing reaches three years. (Tail, 2002)

3. Long-term financing

The purpose of this type of financing is to purchase fixed assets, machinery, and equipment necessary for the establishment of large projects, the process of which takes a period of time not exceeding five years, and this type of financing contributes effectively to achieving economic development as it focuses on projects of a productive nature. Through a study in Algeria, Koueider's study in 2021 made it clear how much Islamic finance affects economic growth. It concluded that there is a positive impact of fixed capital formation on GDP in the short and long term and that Islamic finance affects GDP in the long term.

The bank has been a partner in establishing these projects from the start of work on them (Erekat et al., 2010). Islamic investment funds play a prominent role in financing development through the activity of receiving funds from individuals and institutions and employing them by investing in the securities of companies whose work is permissible, with a real investment represented by entering into murabaha, istisna, salam, and lease contracts. These funds can also play an important and vital role in supporting risk capital, especially in order to finance small

and medium-sized companies that face difficulties in obtaining loans from traditional banks and thus enhance the role of these companies in achieving economic and social development (Barakat, 2017). (Boudiyyah Fatima and Kohli Fatiha, 2013; Awad and Mahadin, 2011). The term "sustainable development" gained widespread acceptance in the late 1980s, following its appearance in the Brundtland Report as a result of the United Nations Assembly convening to form a committee to propose a global agenda for change in the concept and practices of development. Through the slogan "fulfilling the responsibility of the goals and aspirations of mankind," it also sought to draw attention to the rapid deterioration of the environment and human beings (Tracy, 2008; Serhat, 2017). Providing financing (partial or total) for *mudaraba*, *musharaka*, *murabaha sale*, diminishing *musharaka* ending in ownership, joint investment, including joint *mudaraba* and joint *muqarabah*, and direct investment (in joint projects, provided that the bank's contribution does not exceed 70% of the paid-up capital and compulsory reserve), financing activities (partial and full), which include financing the following operations:

- *Murabaha sale*
- Diminishing partnership ending in ownership
- *Mudaraba*

A- *Murabaha* selling to the one who orders the purchase: It is implemented in the Islamic bank in two ways:

The first: that the customer and the bank agree that the customer will purchase the goods after the bank has purchased them.

Second: The bank and the customer agree that the bank will purchase the goods, and the customer is obligated to buy it from the bank afterwards, which is the method applied in Jordan Islamic

Among the most important financing formulas used by Islamic banks are the following:

First: *Murabaha* selling for the purchase order granted to individuals (Al-Malqi and Aisha Al-Sharqawi, 2000):

This includes cases of the bank executing the contracting party's request on the basis of the bank's purchase of what the purchase order requires in cash – in whole or in part – on the basis of the customer's commitment to purchase what he ordered (a promise to buy and a binding promise) with the profit that was agreed upon at the start, and financing in *Murabaha* is carried out according to The following conditions:

1- The customer signs the dating agreement on the purchase. And the general conditions for dealing with the bank, and the absolute

guarantee with the transfer of the salary of the buyer and the sponsor to the Islamic bank.

2- The maximum financing period (ranging from 18 months to 96 months) and the profit rates shall be determined according to the instructions prescribed by the Board of Directors (10% annually + 1%-4%) for a mutual insurance fund.

3 -The bank buys the commodity specified by the customer for cash (the cash price).

4 - A Murabaha contract must be concluded.

5- The client's situation must be studied when determining the required provisions in Murabaha.

6 - Granting financing in Murabaha is approved according to the powers established by the Board of Directors, while avoiding granting financing for the following commodities: (stone, diesel, gasoline, vegetables, commodities purchased from the Ministry of Supply).

7- A bank employee will supervise the process of receiving the goods from the seller (in the case of building materials, furniture, tools, and tools) and handing them over to the buyer.

8- The bank sells the car (in the case of cars) to the buyer on Murabaha, and registers it in the name of the buyer. At the same time, it mortgages it in favor of the bank at the Traffic Department, and the customer signs the Murabaha promissory notes.

9- The car shall be comprehensively (complementary) insured in favor of the Bank

10- The bank shall open a file for each customer in which documents, data, financing approvals and any papers pertaining to the customer are kept

11- The first copy of the contracts shall be stamped with legal stamps, the Murabaha contract, the Mudaraba contract, and profit-sharing in accordance with the Revenue Stamps Law. As for the diminishing partnership contract, it shall be stamped with the legal stamps according to the value of the contract (three percent of a thousand of its value).

12- The bank deals in the following items (cars, furniture, building materials, tools and tools, consumables for trade, and residential apartments).

Second: Murabaha sale to merchants (Murabaha allocations):

- Merchants dealing with the bank requires speed and the availability of appropriate financing at the right time, and they need large sums of

money to finance the purchase of goods they need many times, and in order not to lose commercial opportunities from their hands, the bank gives them allocations for Murabaha that can be renewed annually.

- He submits an application to obtain banking facilities, in which he indicates the required amount and the goods to be purchased, and determines whether the customer desires to obtain a ceiling of credits through Murabaha, self-financing, or a ceiling on guarantees.
- Provides a merchant registration certificate and a professional license
- Inquiry from the central bank/bank notifications about the customer
- Studying the customer by visiting his shop and analyzing his financial data
- Inquiry about the customer from the various departments of the bank, and the approval of the management is obtained
- Regulating contracts and general conditions, and signing the absolute guarantee from the client and the guarantors

Paste stamps on contracts and register them on the client's account.

Third: Diminishing Musharakah Ending with Ownership:

It is defined as a partnership in which the Islamic bank contributes to the capital of a project with one or more partners, and then each partner deserves his share of the profit according to the agreement contained in the contract, with the promise of the Islamic bank to waive his rights by selling his shares (or his share) to these partners, provided that These partners are also obligated to purchase those shares and replace them in the ownership. As for the Jordan Islamic Bank, it defines it as the entry of the bank as a funded partner - in whole or in part - in a project with an expected income on the basis of the agreement with the other partner that the bank obtains a proportionate share of the net income actually achieved. With his right to keep the remaining part or any amount of it agreed upon, so that that part is allocated to repaying the principal of the financing provided by the bank, after which the bank will leave the company and the entire project becomes the property of the client (Melhem and Ahmed Salem, 1989) (Darwish, 2020).

Fourth: Mudaraba:

Its definition: It is an agreement between two parties (the bank and the customer) to participate in a specific project in which the bank (the financier) finances the project financially, and the customer works in the project (Mudarab) provided that the profit is divided between them in a certain percentage according to the agreement, and the loss is borne by the financier, and the Mudarab loses his effort. Mudaraba

is considered a form of investment that was known to the ancient Arab civilization and later approved by Islam (Samhan, 2016). Mudarabah has many definitions. It is a company contract in profit with money on one side and works on the other. That is, it is a partnership in profit and not in capital, and it is called Muqaradah (Al-Wadi and Samhan, 2022).

Joint investment:

It includes (joint Mudaraba) and (joint muqaradah):

joint Mudaraba:

Joint Mudaraba has multiple forms:

Bilateral Mudaraba: i.e. the relationship is bilateral between the financier and the worker only.

Joint Mudaraba: It is the one in which the relationship between the owners of capital and the speculators multiplies, whether the multiplicity is from one or both parties to the Mudaraba.

Direct investment:

The bank invests its own money (individually) or jointly with others, under the condition that the bank's contribution does not exceed 70% of the paid-up capital and the mandatory reserve. It is also allowed for the bank to directly invest money in various projects, provided that the total of the bank's permanent investments does not exceed 70% of the total of capital and mandatory reserve, based on the bank's return on its share of the capital (El-Badi, 2006).

Islamic banking investment policy:

When analyzing the principles and foundations of financing in Islamic banks, it is observed that the policy of these banks towards the use of money is summarized as follows (Elgari, 2003):

- 1- Financial institutions aim to achieve multiple dimensions, which are the material dimension, the ethical dimension, and the social dimension.
- 2 - In distributing their investments, Islamic banks aim at the optimal distribution of financial resources.
- 3 - The basis of their work is based on the principle of participation in profit and loss.
- 4 - In order to attract the most customers, they do not focus on a specific method of financing without others.
- 5 - All activities of the Islamic bank are subject to Shari'a regulations.

Since banking services vary according to the needs of the customer bank, the bank must take into account the risks associated with financing operations and manage them in a way that achieves the objectives of the bank and the customer. The main stages of risk management can be identified as follows:

1- Disclosure of the risks related to the projects and operations conducted by the bank, and the purpose of that is to reach the possibilities of deviation from the expected results in achieving profits (Al-Gharib, 2000).

2- Identifying the causes and nature of these risks to facilitate directing investment in projects (Shahrul, 2012)

3- Measuring the degree of risk and the possibility of realizing the risk so that it is classified, and the greater the possibility of realizing the risk, the greater the risk of operations and projects (Al-Wadi and Nazzal, 2012)

Islamic banks seek to achieve a high degree of banking security, i.e. awareness and caution of the risks that banks are exposed to during their operational operations, and among the most important risks are liquidity risks, cash outflows from the bank, credit risks, as well as compliance with regulations and laws governing both legal and commercial liquidity and ratios. of credit granting and ratios of cash balances and legal and compulsory reserves (Khariouch et al., 2004) (Rahim, 2014) (Gabriella, 2012)

Definition of investment funds from the point of view of Islamic economics

In a study (Frasca, 2008) of two practical cases of Islamic microfinance for a fund project in Jabal al-Hassil, Syria, and the Hodeidah project in Yemen, it was found that these projects can serve social and economic development and achieve profits. These Islamic institutions can achieve success by maintaining rates that are able to compete with institutions traditional microfinance.

Islamic investment funds invest their money in financial instruments that are not inconsistent with the provisions of Islamic Sharia. In this regard, the following definitions were provided:

Definition 1: The term “Islamic investment fund” means a common container in which investors contribute their surplus money for the purpose of investing it to earn halal profits. Participants in the fund may obtain a document proving their participation and qualifying them to receive profits, taking into account its legal validity (Usmani, 2009) (Sarwer, et al. 2013).

The second definition: Islamic investment funds are one of the Islamic financial institutions that collect investors' funds in the form of investment units or sukuk, and entrust their management to a person of expertise and competence, to employ them in accordance with appropriate Islamic investment formulas, and all their transactions are governed by the provisions and principles of Islamic law, laws, decisions and government instructions. and internal regulations and systems (Shehata, 2005). Investment funds are divided into two main types:

1- Open-ended investment funds, also called mutual funds, which are funds established by an investment company, bank or insurance company. These shares can be resold to the investment fund that issued them according to the net asset value upon sale. The mutual fund also gives a share certificate to the shareholder.

2- Closed investment funds, which are those funds established by joint-stock companies and called closed because they issue a fixed number of shares that are traded in the financial market. At the end of that period, the fund will be liquidated and its realized returns will be distributed to its subscribers (Al-Bahji, 2009).

The economic importance of Islamic finance

Islamic sources focus in their financing operations on the success of the investment process, and there is no doubt that the work of the banking system included collecting and investing funds, and the economic importance of Islamic financing emerged on several levels due to its distance from dealing with interest. Islamic banking and the study of the extent of the impact of this financing on the performance of Islamic banks and the impact of the development of Islamic financing on the performance of banks, where it was found that financing contributes positively to the return on assets and the return on equity, and it was found that the state should provide an operating environment supportive of Islamic banks and increase their performance, and that Moving away from interest and focusing on diversified portfolios can enhance the performance of banks without increasing the level of risks they have, and replacing them with the participation system, which helped achieve the economic and social goals of the Islamic bank. On the level of economic stability, Islamic banking has succeeded in achieving that stability that depends on On the stability of the general level of prices and the preservation of the value of money, and access to that was represented by the following (Issa, 1985), (Tabash, & Dhankar, 2014):

1- The decision to invest in Islamic banking is not linked to the rate of interest that causes periodic fluctuations.

2- Not dealing with interest reduces production costs that affect commodity prices.

3- The owner of the money obtains a fair return that is equivalent to the actual contribution to production.

4- Equitable distribution of output, and this helps not to concentrate wealth in the hands of a few.

Islamic banks have praised their success and their role in upgrading the strength of the economy. In the study of (Bakhita, 2017), which emphasized the importance of the banking system and its role in the economic growth of any country, Islamic banks help overcome the shortage and give the power of the economy to upgrade and strengthen society and self-sufficiency and what the banking system The Islamic bank has a positive impact on economic development, and the expansion of the financial system has positive repercussions on the economy. Islamic banks practice multiple activities, and some of these activities, such as selling shares, have importance and influence in the field of foreign trade, as the bank can, through this financing, carry out (Khan, Nora, 2016) (Omar, 1998) (Youssef, Nadia Jawdat, 2018): -

1 - Financing foreign trade, and this is practiced through buying raw materials directly from the producer and encouraging industries to convert raw materials into an exportable commodity.

2- Financing fixed assets, as the bank can provide the assets necessary for the establishment of factories and present them as capital in return for obtaining part of the profits resulting from the sale of the products of these factories.

3- Financing small projects.

Research Methodology:

Research community:

The research community consists of the Jordan Islamic Bank and the Islamic Arab Bank.

The research sample:

The financial statements of the two banks were analyzed during the period 2009-2019.

Search tool:

The financial statements and annual reports of the two banks during the period 2009-2019 were relied upon.

Statistical methods used:

The statistical analysis program was used to analyze the data and test the research hypotheses using simple regression analysis.

Table (1) Jordan Islamic Bank During the period (2009-2019)

annual average	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
188,388,620	303,931,180	287,503,285	260,272,536	249,893,425	200,332,652	159,006,812	241,225,587	116,647,392	99,894,343	80,017,401	73,550,210	finances
	16,427,895	27,230,749	10,379,111	49,560,773	41,325,840	-82,218,775	124,578,195	16,753,049	19,876,942	6,467,191		The amount of change
	6%	10%	4%	25%	26%	-34%	107%	17%	25%	9%		percentage change
3,247	0	0	0	0	0	0	0	0	0	35,714	0	speculation
	0	0	0	0	0	0	0	0	-35,714	35,714		The amount of change
									-100%			percentage change
565,428,340	1,038,892,836	947,145,584	863,759,921	801,399,992	716,659,210	587,886,656	359,549,267	294,966,288	227,754,230	201,494,927	180,202,826	Murabaha
	91,747,252	83,385,663	62,359,929	84,740,782	128,772,554	228,337,389	64,582,979	67,212,058	26,259,303	21,292,101		The amount of change
	10%	10%	8%	12%	22%	64%	22%	30%	13%	12%		percentage change
14,468,981	20,182,572	17,990,442	15,725,050	14,969,954	14,340,315	13,782,348	13,445,829	12,437,743	12,022,194	12,230,180	12,032,159	participation
	2,192,130	2,265,392	755,096	629,639	557,967	336,519	1,008,086	415,549	-207,986	198,021		The amount of change
	12%	14%	5%	4%	4%	3%	8%	3%	-2%	2%		percentage change
25,341,122	53,548,273	43,889,618	38,524,302	32,710,381	27,462,585	15,805,279	14,815,327	11,787,209	12,398,998	13,384,811	14,425,556	real investment volume
	9,658,655	5,365,316	5,813,921	5,247,796	11,657,306	989,952	3,028,118	-611,789	-985,813	-1,040,745		The amount of change
	22%	14%	18%	19%	74%	7%	26%	-5%	-7%	-7%		percentage change

Source: Bank annual reports, the amounts are in Jordanian dinars.

- ❖ The Jordanian Islamic Bank table shows changes in some of the Bank's data during the research period and will be explained as follows:
- ❖ Financing: Jordan Islamic Bank's average funding volume was JD 188.4 million. We note that there has been growth in most of the research years. In 2014, there was a single decline of 34% by JD 82.2 million. The highest growth rate was in 2013, where the bank's financing volume doubled by 107%.
- ❖ We also note that the Bank's funding volume recorded 73.5 million dinars in 2009 while exceeding 303.9 million dinars at the end of 2019.
- ❖ Mudaraba: We note from the table that there is no data to reflect the use of the Mudarabah formula in granting facilities. The bank registered a single item for speculation in 2010 worth 35,714 dinars.
- ❖ Murabaha: The average size was 565.4 million dinars, as we note that there has been continuous growth throughout the research period. The growth rates ranged from the lowest growth rate of 8% in 2017 to the highest growth rate and the highest growth rate of

64% in 2014, and we note that the Bank's Murabaha volume was 180.2 million dinars in 2009, while it crossed the 1 billion dinars barrier at the end of 2019.

- ❖ Participation: Jordan Islamic Bank averaged 14.4 million dinars as we observe growth in most research years we find that there was only a 2% decline in 2011. The highest growth rate was in 2018, with a growth rate of 14%. The Bank's participation was 12 million dinars in 2009, while it exceeded 20.1 million dinars at the end of 2019.

Real Investment Volume: As for the real investment volume of the Jordanian Islamic Bank, the research period began in 2010 with a decrease of 7% followed by a decrease in the last 2011 by the same proportion and continued to decline in 2012 by 5% In 2013, real investment growth began to appear in the data of the Jordanian Islamic Bank. After successive declines, the investment volume of 11.7 million dinars continued to grow at the end of the period, reaching 53.5 million dinars.

Table.2 Islamic Arab Bank During the period (2009-2019)

annual average	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	
45,360,960	58,856,243	54,122,202	41,899,986	41,498,142	44,310,754	51,570,352	30,125,410	30,125,410	44,388,943	54,853,049	47,220,070	finances
	4,734,041	12,222,216	401,844	-2,812,612	-7,259,598	21,444,942	0	-14,263,533	-10,464,106	7,632,979		The amount of change
	9%	29%	1%	-6%	-14%	71%	0%	-32%	-19%	16%		percentage change
12,936,337	3,353,762	3,853,146	7,416,717	3,511,178	4,494,906	11,509,376	52,646,865	38,396,244	10,685,523	3,526,857	2,905,134	speculation
	-499,384	-3,563,571	3,905,539	-983,728	-7,014,470	-41,137,489	14,250,621	27,710,721	7,158,666	621,723		The amount of change
	-13%	-48%	111%	-22%	-61%	-78%	37%	259%	203%	21%		percentage change
389,973,879	727,949,896	758,083,059	840,446,870	783,797,691	439,455,987	206,695,173	197,871,646	125,104,934	103,569,132	60,464,039	46,274,243	Murabaha
	-30,133,163	-82,363,811	56,649,179	344,341,704	232,760,814	8,823,527	72,766,712	21,535,802	43,105,093	14,189,796		The amount of change
	-4%	-10%	7%	78%	113%	4%	58%	21%	71%	31%		percentage change
304,542	14,506	22,292	31,999	42,238	308,080	357,240	410,855	500,022	499,003	558,599	605,132	participation
	-7,786	-9,707	-10,239	-265,842	-49,160	-53,615	-89,167	1,019	-59,596	-46,533		The amount of change
	-35%	-30%	-24%	-86%	-14%	-13%	-18%	0.2%	-11%	-8%		percentage change
8,794,658	18,867,600	13,865,462	12,506,580	11,872,584	10,357,866	8,729,362	6,506,020	3,719,368	3,290,493	3,385,165	3,640,733	real investment volume
	5,002,138	1,358,882	633,996	1,514,718	1,628,504	2,223,342	2,786,652	428,875	-94,672	-255,568		The amount of change
	36%	11%	5%	15%	19%	34%	75%	13%	-3%	-7%		percentage change

Source: Bank annual reports, the amounts are in Jordanian dinars.

The Arab Islamic International Bank's schedule showed changes in some of the Bank's data during the research period that have taken

place in many years as a fluctuating feature between ups and downs, as described below:

Financing: Jordan Islamic Bank's average funding volume was 45.3 million dinars, where we find the apparent fluctuation during the research period. The Bank's funding volume was 47.2 million dinars in 2009, while it exceeded 58.8 million dinars at the end of 2019.

Mudarabah: The size of the speculation at the Arab Islamic Bank averaged 12.9 million dinars. The research period began in 2010 and several years later with good growth rates that began at 21% and doubled several times during the subsequent years to 52.6 million dinars in 2013. In 2014, the decline began to show speculation, continuing in most of the remaining years of research to 3.3 million dinars in 2019.

Murabaha: As for Rabbah, it averaged 389.9 million dinars, as we note that there has been continuous growth throughout the research period until 2018, when Murabaha began to decline. Growth rates ranged from the lowest growth rate of 4% in 2014 to the highest growth rate of 113% in 2015, while in 2018 the decrease was 10% followed by the last fall of 2019 by 4%. We note that the Bank's murabaha volume was 46.2 million dinars in 2009, while it exceeded 727.9 million dinars at the end of 2019.

Participation: The average participation of the Jordanian Islamic Bank was 304,542 dinars, as we note that there has been a decline in most of the research years. There is a slight growth of almost negligible 0.2% in 2012. The highest decrease was in 2016, with a decrease of 86%. The Bank's participation was 605,132 dinars in 2009, while at the end of 2019 it was 14,506 dinars.

Real Investment Volume: As for the real investment volume of the Arab Islamic Bank, the research period began in 2010 with a 7% decline followed by a 3% decline in the last year of 2011. In 2012, real investment growth began to appear in the data of the Arab Islamic Bank, where the search period started at 3.6 million dinars and ended at the end of 2019 with 18.8 million dinars.

Hypothesis Test:

1. There is a statistically significant impact between the contribution of Islamic banking finance and the increase in the amount of the investment

Table. 3 Simple regression analysis

Sig.	t	regression coefficient	Sig.	F	R ²	R	Variable
*0.000	8.556	0.129	*0.000	73.209	%78.5	0.886	Financing Islamic banks

* The effect is statistically significant at an indicative level ($\alpha (0.05 \geq$

The results of the simple regression analysis show a strong positive correlation with a statistically significant level (0.05) between the contribution of Islamic bank finance and the increase in the real investment volume where the value of the correlation coefficient (0.886), as well as the calculated value (8.556) and statistical indication (0.000). The results of the decline also show that the contribution of Islamic banks' financing explains (78.5%) the varying amount of real investment.

1. There is a statistically significant impact between the size of speculation in Islamic banks and the increase in real investment.

Table. 4 Simple regression analysis

Sig.	t	regression coefficient	Sig.	F	R ²	R	Variable
0.074	1.884	0.401-	0.074	3.548	%15.1	0.388	Murabaha

The results of the simple regression analysis show that the relationship is weak and statistically irrelevant at an indicative level (0.05) between speculation in Islamic banks and the increase in real investment volume where the value of the correlation coefficient (0.388), as well as the calculated value (1.884) and statistical indication (0.074). The results of the decline also show that speculation in Islamic banks explains (15.1%) the varying size of real investment.

3. There is a statistically significant impact between the size of Murabaha in Islamic banks and the increase in real investment.

Table. 5 Simple regression analysis

Sig.	t	regression coefficient	Sig.	F	R ²	R	Variable
*0.000	5.985	0.033	*0.000	35.815	%64.2	0.801	Murabaha

* The effect is statistically significant at an indicative level ($\alpha (0.05 \geq$

The results of the simple regression analysis show a strong positive correlation of a statistically significant level (0.05) between the Murabaha and the increase in the volume of real investment where

the value of the correlation coefficient (0.801), as well as (t) calculated value (5.985) and statistical indication (0.000). The results of the decline also show that Murabaha in Islamic banks explains (64.2%) of the true investment volume varies.

4. There is a statistically significant impact between participation in Islamic banks and increasing investment volume

Table. 6 Simple regression analysis

Sig.	t	regression coefficient	Sig.	F	R ²	R	Variable
*0.000	5.345	1.409	*0.000	28.570	%58.8	0.767	Mosharakah

* The effect is statistically significant at an indicative level (α (0.05 \geq

The results of the simple regression analysis reveal a strong positive correlation between Mosharakah and an increase in the volume of real investment at a statistically significant level (0.05), where the correlation coefficient value is (0.767), as well as the calculated value (t) (5.345) and statistical indication (0.000). The results of the decline also show that participation in Islamic banks explains (58.8%) the varying size of real investment.

Conclusions

- The results of the research showed a strong positive correlation with a statistically significant level (0.05) between the contribution of Islamic banking finance and the increase in real investment, with the value of the correlation coefficient (0.886), as well as the calculated value (8.556) and statistical indication (0.000). The results of the decline also show that the contribution of Islamic banks' financing explains (78.5%) the varying amount of real investment.

- The results of the research indicated that the relationship is weak and statistically irrelevant at an indicative level (0.05) between speculation in Islamic banks and the increase in the volume of real investment where the value of the correlation coefficient (0.388), as well as (v) calculated value (1.884) and statistical indication (0.074). The results of the decline also show that speculation in Islamic banks explains (15.1%) the varying size of real investment.

- The results of the research show a strong positive correlation of a statistically significant level (0.05) between murabaha and increased real investment, with the value of the correlation coefficient (0.801), as well as the value (v) calculated (5.985) and statistical indication

(0.000). The results of the decline also show that Murabaha in Islamic banks explains (64.2%) of the true investment volume varies.

•The results of the research revealed a strong positive correlation of a statistically significant level (0.05) between participation in and increase in real investment, with a correlation factor value (0.767), as well as a calculated value (v) (5.345) and statistical indication (0.000). The results of the decline also show that participation in Islamic banks explains (58.8%) the varying size of real investment.

Recommendations

In the light of the research's findings, researchers recommend:

- Increased interest by Islamic banks in expanding the real investment base because of its impact on the national economy.
- Further studies and research on this subject.
- The need for Islamic banks to diversify Islamic formats.
- Raising awareness of Islamic investment tools in customers through education of seminars and scientific seminars.
- Formation of Shari 'a supervisory bodies to monitor the work of Islamic banks
- Following modern methods in the management of financing and investment of Islamic banks
- The need to establish an Islamic government bank to increase customers' confidence in Islamic banks

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